

Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-02

H-02 PA-01 PRS-01 USIA-06 AGR-05 /089 W

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R 301800Z APR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 0059

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUCDO

AMCONGEN GUAYAQUIL

AMEMBASSY TEGUCIGALPA

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E.O. 11652: NA

TAGS: ETRD CS

SUBJECT: NEW BANANA DECREE PUBLISHED

1. THE TEXT OF A DECREE INCREASING THE BANANA TAX TO 45 CENTS PER BOX HAS BEEN RELEASED TO THE PRESS BY THE COSTA RICAN GOVERNMENT, BUT THE DECREE HAS NOT YET BEEN PUBLISHED IN THE OFFICIAL GAZETTE. THE NEXT TAX WOULD ENTER INTO EFFECT ON MAY 1.

2. THE DRAFT DECREE ALSO PROVIDES THAT THE COMPANIES WOULD PAY AN ADDITIONAL TAX OF 55 CENTS WHICH WOULD GO DIRECTLY TO INDEPENDENT GROWERS. THE EFFECT OF THIS ADDITIONAL SO-CALLED TAX WOULD
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BE TO INCREASE THE PRICE PAID TO INDEPENDENT

GROWERS FROM A NOMINAL \$1.60 PER BOX TO A MINIMUM OF \$2.15 PER BOX. IT IS THUS AN ADJUSTMENT IN THE "PRECIO DE SALIDA" WHICH IS CALLED A TAX FOR THE PURPOSE OF ENABLING THE GOVERNMENT TO STATE THAT IT WILL NOW IMPOSE THE FULL \$1.00 TAX ORIGINALLY PROCLAIMED BY THE FIGUERES ADMINISTRATION. SOME PRODUCERS, WHICH WERE PAYING A HIGHER PRICE TO INDEPENDENT GROWERS, SUCH AS STANDARD WHICH HAS BEEN PAYING \$1.98 PER BOX, WOULD HAVE A SMALLER INCREASE IN THEIR PRECIO DE SALIDA. BANANAS PRODUCED BY THE LARGE BANANA COMPANIES ON THEIR OWN PLANTATIONS WOULD PAY ONLY THE 45 CENT PER BOX TAX.

3. VICE PRESIDENT CASTILLO TOLD EXCELSIOR THAT THE NEW DECREE "IS THE CULMINATION OF A LONG STAGE OF NEGOTIATIONS." HE SAID THE GOVERNMENT HOPES THAT GUATEMALA AND HONDURAS, AS WELL AS ECUADOR, WILL TAKE EQUIVALENT MEASURES. CASTILLO REPORTEDLY SAID THAT THE REGULATION IN BANANA PRODUCTION IN HONDURAS LEADS ONE TO BELIEVE THAT THERE WILL NOT BE MANY PROBLEMS ARISING OUT OF THE NEW COSTA RICAN ACTION.

4. THE ASSOCIATED BANANA GROWERS, AN ORGANIZATION OF LARGE GROWERS WHO SELL THEIR FRUIT TO STANDARD, PUBLISHED AN ADVERTISEMENT IN NEWSPAPERS APRIL 30 STRONGLY CRITICIZING THE GOVERNMENT PLAN TO INCREASE THE TAX TO 45 CENTS. THEY CALLED IT ECONOMIC SUICIDE BASED ON EVENTS OCCURRING IN ANOTHER COUNTRY (HONDURAS). ABA SAID THAT THEIR GROUP EXPORTS 3 MILLION CASES AND ASKED HOW MANY CASES LESS THEY WOULD EXPORT WITH THIS NEW TAX THAT PLACES THEM IN AN EVEN MORE DISADVANTAGEOUS POSITION TO COMPETE IN INTERNATIONAL MARKETS.

TODMAN

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: TAX LAW, BANANAS, PUBLIC ATTITUDES, FARM BLOCS
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Draft Date: 30 APR 1975
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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